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June 1, 1977

Hon. Robert L. Oswald
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

RECORDATION NO. 8853-17 Filed & Recorded

JUN 10 1977 - 1 50 PM

INTERSTATE COMMERCE COMMISSION

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are an original and six (6) counter-parts of a Lease Agreement dated as of January 3, 1977, between SSI Rail Corp., Two Embarcadero Center, San Francisco, California, 94111, and Lake Erie, Franklin & Clarion Railroad Co., Wood Street and Grand Avenue, Clarion, Pennsylvania, 16214, covering the following railroad equipment:

80 open top hopper cars (AAR Mechanical Designation HT), bearing the identifying numbers LEF 2500 through LEF 2579, both inclusive.

Identifying marks on all of the foregoing equipment: The words, "OWNED SUBJECT TO A SECURITY INTEREST FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20C," printed on each side of each unit.

Also enclosed is our check in the sum of \$50.00, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing document.

Please return all additional copies of the enclosed counter-parts not required by the Interstate Commerce Commission to David Schwartz of Sullivan and Worcester, who will be delivering this letter on our behalf.

Very truly yours,


Martin D. Goodman
Secretary

MDG:md
Enc.

LEASE AGREEMENT

This Lease dated as of the 3rd day of January, 1977 by and between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California, 94111, (hereinafter referred to as "SSI"), and Lake Erie, Franklin & Clarion Railroad Co., a Pennsylvania corporation, Wood Street & Grand Avenue, Clarion, PA 16214 (hereinafter referred to as "Lessee").

W I T N E S S E T H :Section 1. Scope of Agreement

A. SSI agrees to lease to Lessee, and Lessee agrees to lease from SSI, railroad equipment of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement, such schedules to be in form similar to that set forth in Exhibit "A" hereto. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto, each of which when signed by both parties shall be part of this Agreement. The scheduled items of equipment are hereinafter collectively called the "Cars".

B. Without limitation of the foregoing, SSI and Lessee agree that, as first user of the Cars, Lessee shall be entitled to the benefits of any available investment

tax credits for federal income tax purposes in connection with the acquisition of such Cars. SSI agrees that all Cars shall be new equipment when delivered to Lessee hereunder and further agrees to execute such documents and take any other action as may be necessary to permit Lessee to claim any available investment tax credits relating to the Cars under this Section 1B.

SSI further agrees that should the Lessee's claim of the investment tax credit be disallowed in whole or in part, the fixed rent shall be adjusted by an amount required to compensate Lessee over the then remaining lease term for the benefit lost. However, no such adjustment shall be made if Lessee shall fail to claim the investment tax credit, or if the credit shall be disallowed as a result of Lessee's failure to timely file its tax return or claim the credit, or if Lessee shall fail to have sufficient taxable income to fully benefit from the credit. Lessee agrees to give SSI not more than 10 days written notice of any proposed disallowance and further agrees to use its best efforts to contest such disallowance.

Section 2. Term

The term of lease with respect to each Car described on each Schedule shall commence upon the Effective Date with respect to such Car, as defined in Section 3A, and

continue through the expiration date thereof, as set forth in each such Schedule, unless sooner terminated in accordance with Section 10A or Section 16, subject to any extension thereof, and in accordance with Section 17 or as may be agreed upon in writing by SSI and Lessee.

Section 3. Supply and Delivery

A. Prior to delivery of any Cars contained on a Schedule, Lessee shall confirm in writing to SSI that the sample Car (one for each different type of Car on such Schedule) which will be made available for Lessee's inspection prior to commencement of deliveries thereof, conforms to the specifications agreed to by Lessee. Each Car shall be considered as delivered to Lessee hereunder upon the date of the arrival of each such Car at the delivery destination set forth in the Schedule for such Car (hereinafter referred to as the "Effective Date" with respect to each Car). Furnishing of Cars by SSI shall be subject to all causes beyond the control of SSI.

B. Each Car shall be inspected and accepted by SSI, and upon such inspection and acceptance, such Car shall become subject to this Agreement for all purposes under this Agreement.

Section 4. Markings and Record Keeping

A. Prior to delivery of the Cars to the Lessee, SSI shall cause each such Car to be plainly marked on each side (with proper changes as from time to time may be required to protect the interests of SSI, any secured party or any assignee of either SSI or any secured party) in such a manner as to clearly and conspicuously show the interests of SSI and any secured party in such Car. If any such marking shall at any time be removed, defaced or destroyed, Lessee shall immediately cause it to be restored or replaced at Lessee's cost. Any assignee of SSI's interest hereunder may, at such assignee's cost, require new or changed markings to be placed on the Cars disclosing its interest and title in the Cars and Lessee shall maintain the same thereafter at its own cost as above provided.

B. SSI and Lessee agree that on or before delivery of any Cars to Lessee, said Cars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

C. At no cost to Lessee, SSI shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, main-

tenance, and record keeping functions involving the Cars. Such documents shall include but are not limited to the following: (i) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (ii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

D. Each Car leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. SSI shall, on behalf of Lessee, perform all record keeping functions related to the use of the Cars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Cars, including but not limited to car hire reports, shall be addressed to Lessee at such address as SSI shall select.

E. All record keeping performed by SSI hereunder and all record of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by SSI in a form suitable for reasonable inspection by Lessee from time to time during regular

SSI business hours. Lessee shall supply SSI with such reports regarding the use of the Cars by Lessee on its railroad line as SSI may reasonably request.

Section 5. Fixed Rent

The fixed rent with respect to each of the Cars shall be the rent specified on the Schedule applicable to such Car, and such fixed rent shall become effective and be payable on and after the respective Effective Date for such Car and shall continue in effect with respect to such Car throughout the term of this Agreement unless such Car is destroyed as described in Section 7. Payment of said fixed rent shall be made monthly in advance. However, to the extent car hire payments are received by SSI on Lessee's behalf, the amount of car hire payments shall be retained by SSI and the amount of fixed monthly rental shall be reduced accordingly. To the extent car hire payments exceed the amount of fixed rental, SSI shall remit the net amount to Lessee. The first fixed rent payment for each Car shall be made at the pro rata daily rate for the number of days from the Effective Date to the end of the month in which the Effective Date falls. All subsequent payments of fixed rent shall be made on or before the first day of each succeeding month of the term of this Agreement. The last payment of rent shall

cover the number of days from the first day of the final month to the termination date of this Agreement at the pro rata rate per day.

Section 6. Maintenance and Repairs.

A. Lessee will preserve the Cars in good condition (normal wear and tear excepted) and will not alter the physical structure of any of the Cars without the prior written consent of SSI.

B. Lessee agrees, at its expense, to maintain the Cars in good condition and repair, according to the Code of Rules Governing the Condition of and Repairs to Freight and Passenger Cars for the Interchange of Traffic, promulgated by the Association of American Railroads and the rules and regulations of the Federal Railroad Administration. Any manufacturer's warranties with respect to the Cars shall inure to the benefit of SSI, but shall be credited to Lessee's obligation to maintenance to the extent of any expenditures by Lessee in connection with maintenance covered by said warranties.

C. SSI agrees to assist Lessee in obtaining maintenance services in order for Lessee to fulfill its obligations under section 6A and 6B above. Further, SSI agrees to maintain complete repair records for each of the Cars.* However, all charges incurred for materials and labor in connection with maintaining the Cars shall be for the account of the Lessee.

Section 7. Destruction of Cars

Responsibility for loss or destruction of, or damage

to, Cars or parts thereof, or appurtenances thereto, furnished under this Agreement shall be as fixed by the then prevailing Code of Rules, referred to above, and said Code of Rules shall establish the rights, obligations and liabilities of SSI, Lessee, and any railroad subscribing to such Code of Rules and moving the Cars over its lines, in respect of all matters to which said Code of Rules relates. In the event that any Car is lost, damaged, or destroyed while on the tracks of Lessee, any private track, or on the track of a railroad that does not subscribe to such Code of Rules, or in the event that any Car is damaged by any commodity which may be transported or stored in or on such Car, such repairs, renewals, or replacements as may be necessary to replace the Car or to place it in good order and repair, shall be at the sole cost and expense of Lessee, provided that in the event of the destruction or irreparable damage to any Car, at SSI's sole option, Lessee shall promptly pay to SSI the value of such Car in accordance with such Code of Rules. SSI and Lessee agree to cooperate with and to assist each other in any reasonable manner requested, but without affecting their respective obligations under this Section 7, to establish proper claims against parties responsible for loss or destruction of, or damage to the Cars.

Section 8. Indemnities

A. Lessee agrees to indemnify and save harmless SSI from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (whether as a result of damage to the Cars or injury to third parties), regardless of the cause thereof, and any expense in connection therewith, including counsel fees arising out of, or as a result of, the use or operation of the Cars during the term of this Agreement.

B. SSI shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in the Cars however such loss or damage shall be caused or shall result. Lessee agrees to assume responsibility for, to indemnify SSI against, and to save it harmless from, any such loss or damage, or claim therefor, and to assume responsibility for any damage caused to the Car by such commodities.

C. In order to secure the payment to SSI of any amounts as to which the above indemnities relate, SSI will obtain, at its own cost and expense, insurance against (i) damage and risk of loss of Cars resulting from fire, windstorm, explosion and all other risks ordinarily insured against by companies owning or leasing property of a similar character in amounts not less than \$35,000 per Car nor \$300,000 per occurrence and subject

to deductible provisions of not more than \$1,000 per occurrence, including primary coverage while on Lessee's tracks and contingent coverage while in interchange service, and (ii) bodily injury and property damage liability insurance including primary and contingent coverage with combined limits of not less than \$5,000,000 per occurrence and deductible provisions of not more than \$25,000 per occurrence. Any such insurance policy shall name SSI, Lessee, and any secured party of SSI having an interest in the Cars as loss payees and beneficiaries thereof, as their interests may appear. SSI agrees to deliver to Lessee, on or before the date the first Car is to be delivered with respect to each Schedule, and at least annually thereafter, insurance certificates or other evidence of compliance with the above requirements. Lessee covenants, warrants and represents that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required hereunder shall or may be suspended, impaired or defeated. In the event that any Car shall be lost, destroyed, or irreparably damaged from any cause whatsoever during the term of this Agreement, SSI and Lessee shall

proceed diligently and cooperate fully with each other in the recovery of any and all proceeds of insurance applicable thereto.

D. SSI will not have any liability to Lessee for the delay in or loss of use of any Car or Cars, regardless of the cause thereof. SSI SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY, INDIRECTLY, INCIDENTALLY OR CONSEQUENTIALLY BY THE CARS, BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN, BY ANY INCIDENT WHATSOEVER IN CONNECTION THEREWITH, ARISING IN STRICT LIABILITY OR OTHERWISE, OR IN ANY WAY RELATED TO OR ARISING OUT OF THIS AGREEMENT. SSI MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE CARS, AND EXPRESSLY DISCLAIMS THE SAME.

Section 9. Taxes

A. Lessee agrees to assume responsibility for and to pay all property taxes levied upon the Cars and to file all property tax reports relating thereto.

B. SSI will not be responsible for the payment of any tax, tariff, duty, customs, switching, demurrage or other charge made by any governmental, railroad or other agency in respect of any of the Cars,

and Lessee agrees to pay or reimburse SSI promptly for any such charges.

Section 10. Title to Cars and Assignment

A. SSI's rights hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and SSI may assign, pledge, mortgage, transfer or otherwise dispose of title to the Cars with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Agreement and all of Lessee's rights under this Agreement, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Agreement under or through Lessee, are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sales agreements, agreements and assignments, or equipment trust agreements covering the Cars or any of them heretofore or hereafter created and entered into by SSI, **its** successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or **other** holder of the legal title to or interest in the Cars, provided, however, that if in the opinion of Lessee such assignment, pledge, mortgage or transfer of title to the Cars prevents Lessee from continuing operation of the Cars in accordance with this Lease Agreement, Lessee may return Cars in same manner as though this Lease Agreement were terminated pursuant to Section 17, except that in this instance, Lessee shall give SSI not less than thirty

days written notice of Lessees intention to redeliver the Cars and the expiration date of the term of the lease of the Cars shall be thirty days following such notice. During such thirty-day period if the car hire payments do not inure to the benefit of the Lessee pursuant to Section 5, then SSI shall credit Lessee for the amount of fixed rent on the Cars for that thirty days. In addition, in the event of such assignment, pledge, mortgage or transfer, Lessee agrees to execute any and all documents required by the assignee, pledgee or mortgagee to be signed by Lessee necessary or appropriate to confirm such third party's interest in and to the Cars, this Agreement and the Schedules hereto and to confirm the subordination provisions contained in this Section 10A. Any sub-lease by Lessee of the Cars or any of them permitted by Section 11 shall contain language which expressly makes such sublease subject to the subordination contained in this Section 10.

B. Lessee acknowledges and agrees that by the execution thereof it does not obtain, and by payment and performance hereunder it does not and will not have or obtain, any title to the Cars or any of them at any time subject to this Agreement, nor any property, right or interest therein, legal or equitable, except solely as Lessee hereunder and subject to all of the terms hereof. Lessee shall keep the Cars free from any encumbrance or liens which may be an encumbrance upon, or otherwise affect, SSI's title.

Section 11. Sublease, etc.

Lessee agrees to use the Cars exclusively within the boundaries of the continental United States and to make no transfer or assignment of this Agreement or of the Cars by operation of law or otherwise without SSI's prior written consent. Lessee may sublease the Cars solely upon the prior written consent of SSI which consent shall not be unreasonably withheld; however, it is understood that the cars may be used by Lessee in interchange service as is customary in the railroad industry without such prior written consent. Any such subleasing shall in no way relieve Lessee from any of its obligations to SSI under this Agreement.

Section 12. Option to Purchase

Provided that this Lease has not been earlier terminated and that no event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or lapse of time or both, Lessee may, by written notice delivered to SSI not less than 180 days prior to the end of this Lease, elect to purchase the Cars at the end of the Lease, for a purchase price equal to the "Fair Market Value" (as hereinafter determined) of the Cars as of the end of the Lease. Fair Market Value shall be determined on the basis of and shall be equal in amount to the value which would obtain in an arm's length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell. If on or before 150 days prior to the expiration of the term of this Lease, SSI and Lessee are unable to agree upon a determination of the Fair Market Value of the Cars, such value shall be determined in accordance with the foregoing definition by three qualified independent Appraisers, one of whom shall be selected by SSI within 20 days, the second by the Lessee within 20 days, and the third designated by the first two so selected. The Appraisers shall be instructed to make such determination within a period of 30 days following appointment and shall promptly communicate such determination in writing to SSI and Lessee. Should Lessee fail to appoint an Appraiser

within 120 days prior to the expiration of the term of this Lease the option to purchase described in this Section 12 shall be deemed cancelled. Should the Lessee fail to accept in writing the Appraiser's determination of Fair Market Value within thirty days, the option to purchase shall be deemed terminated and the expenses and fees of the Appraiser shall be borne by Lessee. Otherwise, the determination shall be conclusively binding on both parties and the fees and expenses of the Appraiser shall be shared equally.

Section 13. Compliance with Laws

Except as set forth below, Lessee shall, at its own cost and expense, comply with all governmental laws, regulations, and requirements, with the Code of Rules of the Association of American Railroads, and the rules and regulations of the Federal Railway Administration with respect to the use, maintenance, and operation of each of the Cars. In case any equipment or appliance on any of the Cars shall be required to be changed or replaced, or in case any additional or other equipment or appliance shall be required to be changed or replaced, or in case any additional or other equipment or appliance shall be required to be installed on any of the Cars in order to comply with such laws, regulations, requirements and rules, SSI agrees to cause such changes,

additions or replacements to be made at its cost and expense. Any part or parts installed or replacements made upon any of the Cars by SSI or Lessee shall be considered accessories to the Cars and title thereto shall immediately be vested in SSI, without further cost or expense to SSI.

Section 14. Further Information

Upon request of SSI, Lessee agrees to furnish SSI promptly with complete and accurate information reasonably required for the efficient administration of this Agreement.

Section 15. Inspection

SSI shall have the right, by its authorized representatives or designees, to inspect the Cars at the sole cost and expense of SSI at such times as it shall deem necessary.

Section 16. Defaults

A. The occurrence of any of the following events shall be an event of default:

- (i) the nonpayment by Lessee of any sum required herein to be paid by Lessee within 30 days after the date any such payment is due;

(ii) the breach by Lessee of any other term, covenant, or condition of this Agreement, which is not cured within 20 days thereafter;

(iii) any act of insolvency by Lessee or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(iv) the filing of an involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within 60 days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment;

(v) any attempt by Lessee to assign or transfer this Agreement or any interest herein or of the right to use or have possession of the Cars other than as provided for in Section 11; or

(vi) the subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

B. Upon the occurrence of any event of default, SSI may, at its option, terminate this Agreement and may:

- (i) proceed by appropriate court action or actions either at law or in equity to specifically enforce performance by Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof; or
- (ii) by notice in writing to the Lessee, terminate this Agreement, whereupon all rights of the Lessee to the use of the Cars shall absolutely cease and terminate as though this Agreement had never been made, and all fixed rent not theretofore due and payable with respect to the Cars shall forthwith become due and payable.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of SSI's remedies with respect thereto, including all costs and expense incurred in connection with the return of any Car to the delivery point as determined under 17B.

The remedies in this Agreement provided in favor of SSI shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law.

Section 17. Return of Cars

A. Unless Lessee shall have notified SSI of its election to purchase the cars as provided in Section 12, not more than 180 days nor less than 150 days prior to the end of the lease with respect to any Cars, Lessee will give SSI written notice of Lessee's intention to redeliver the Cars. Lessee will redeliver such Cars to the delivery point determined in Section 17B on the date set forth in such notice, which date shall be the date determined on the Schedule.

B. At the date fixed for redelivery of the Cars in accordance with Section 17A, Lessee, at its expense, shall return each of the Cars, and each part thereof, to SSI at the place at which SSI delivered the Cars to Lessee in accordance with Section 3A, (or to such other

point or points mutually agreed upon by SSI and Lessee,) empty, free from residue, and in such condition as is necessary to have the Cars comply with the Code and Rules of the Association of American Railways and all applicable laws and regulations of the Federal Railroad Administration and such other organizations or agencies who shall administer the functions presently assigned to either of the above.

Lessee shall, on demand, reimburse SSI for the cost of cleaning the Cars that are not clean. Except as a result of events beyond the control of Lessee, for any Car listed on a Schedule that is not redelivered to SSI on or before the date of expiration of the original lease term set forth in such Schedule, all of the obligations of Lessee under this Agreement with respect to that Car shall remain in full force and effect until such Car is redelivered to SSI, provided, however, that the daily rent for such Car on such Schedule during such period shall be one and one-half times the pro-rata daily rate of the rent specified in the Schedule applicable to such Car. However, for any Car not redelivered as a result of events beyond the control of Lessee, the daily rent during such period shall be the pro rata daily rent specified in the Schedule.

If SSI shall fail to cause the Cars which may have been redelivered pursuant to this section to be removed within thirty days, SSI agrees to pay reasonable fees for subsequent storage of the Cars.

Section 18. Miscellaneous

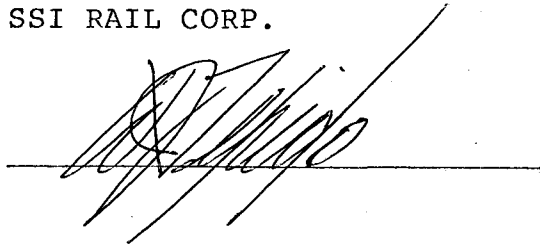
A. Both parties agree to execute the documents contemplated by this transaction and such other documents as may reasonably be required in furtherance of this Agreement.

B. This Agreement shall be governed by and construed according to the laws of the State of California.

C. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed and delivered as of the date first written above.

SSI RAIL CORP.



ATTEST:

By: Marvin Hoyer

LAKE ERIE, FRANKLIN & CLARION RAILROAD CO.


Jay F. Miller
Jay F. Miller, President

ATTEST:

By: J. L. Hartle
J. L. Hartle, Ass't Secretary

STATE OF Pennsylvania
COUNTY OF ... Clarion }

On this 13th day of January, 1977, before me personally appeared Jay F. Miller
to me personally known, who being by me duly sworn says that such person is President
Lake Erie, Franklin & Clarion Railroad Co., that the foregoing Lease Agreement was signed on behalf
of said corporation by authority of its board of directors, and such person acknowledged that the
execution of the foregoing instrument was the free act and deed of said corporation.


Marilyn L. Smekar
Notary Public

MARILYN L. SMERKAR, NOTARY PUBLIC
ELK TOWNSHIP, CLARION COUNTY
MY COMMISSION EXPIRES APRIL 2, 1979
Member, Pennsylvania Association of Notaries

STATE OF California
COUNTY OF San Francisco }

On this 18th day of Feb. 1977, before me personally appeared William J. Texido,
to me personally known, who being by me duly sworn says that such person is President
SSI Rail Corp., that the foregoing Lease Agreement was signed on behalf of said corporation by
authority of its board of directors, and such person acknowledged that the execution of the foregoing
instrument was the free act and deed of such corporation.



Terry L. Russell
Notary Public

EQUIPMENT SCHEDULE

1. SSI Rail Corp. hereby leases the following Cars to the Lake Erie, Franklin & Clarion Railroad as LESSEE pursuant to that certain Lease Agreement dated as of January 3, 1977.

AAR Mech. Desig.	Description	Car Numbers	Dimensions	No. of Cars
HT	Open top hopper cars for coal service	LEF 2500 thru 2579	100 ton capacity	80

2. The term of this Lease as to each Car shall begin on the Effective Date with respect to such Car and end on the 12th anniversary of the day next following the end of the calendar month in which the last Effective Date of the Cars listed on this Schedule takes place.

3. Fixed Rent payable monthly for each of the above Cars shall be equal to 1.022% of the purchase price of each such Car. Purchase Price will include all costs incurred by SSI to deliver the Cars to Lessee.

4. Each of the Cars shall be delivered to Lessee at Lake Erie, Franklin & Clarion Railroad Company interchange at Summerville or Sutton, Pennsylvania.

5. If SSI shall fail to commence delivery of the Cars by September 1, 1977, or fail to complete delivery of all cars listed on this Schedule within 90 days thereafter, Lessee's obligations shall be deemed terminated with respect to any cars not so delivered, unless such dates are extended by Lessee.

SSI RAIL CORP.

LAKE ERIE, FRANKLIN & CLARION RR. CO.

By: [Signature]

By: Jay F. Miller

Title: President

Title: President

Date: February 18, 1977

Date: January 13, 1977